

A Proposed Border Regional Development Authority *and* the Bi-National Sustainability Laboratory

What are regional development authorities?

The Appalachian Regional Commission (ARC), the Delta Regional Authority (DRA), and the Denali Commission are federally funded economic development authorities established to use regional approaches to combat systemic socioeconomic distress. The ARC was established in 1968 and has a track record of success. The DRA was established in 2000, and the Denali Commission in 1998, so neither has a record of much activity as of yet.

These regional economic development authorities address problems of chronic poverty such as poor educational attainment rates, lack of appropriate health care and health care delivery mechanisms, inadequate infrastructure, insufficient capital for local business development, and the environmental problems generally associated with all these issues. The authorities are regional in nature, surmounting the jurisdictional and funding constraints often associated with state, county, and municipality borders and addressing the realities of socioeconomic communities which know no political boundaries.

Regional economic development authorities lie outside any Cabinet agency, and so are directly funded by Congress. As such, they can support region-appropriate strategies, unconstrained by the mission restrictions of the various federal agencies.¹ Most projects funded by the development authorities require matching funds, stimulating the recipient communities to develop partnerships with other federal entities,² foundations, the business community, and other groups. This leverages the federal resources, and develops recognition that the path to economic self-sufficiency and social improvement is not dependent upon public funds.

Governance of these regional development authorities is based upon cooperation between federal and local entities. The ARC and DRA each have a Commissioner appointed by the

¹ The proposed Border Commission would differ significantly from the existing Interagency Task Force on Economic Development on the Southwest Border on this point. The Task Force's charter is to integrate the myriad of agency-based programs that are mission-defined in origin, and which collectively have the potential to produce an integrated solution to the problems of the border. The proposed Commission would begin with an integrated solution.

² Unlike many other federally funded programs, funds administered by ARC or DRA can be matched by other federal monies. There also is no restriction on receiving the match from foreign governments (such as Mexico).

President and confirmed by the Senate. The governors of the participating states (or their designees, in the case of the DRA) also serve as Commissioners. In general, projects are generated by input from local communities and developed at the state level. They are then submitted to the Commission for approval and funding.

What is the Bi-National Sustainability Laboratory?

The Bi-National Sustainability Laboratory is designed to stimulate sustainable economic development in the U.S.-Mexico border region through the appropriate application of technology. It is intended to facilitate the implementation of technology by existing industries as well as to foster the development of new industries through technical and business development assistance. The Laboratory will achieve this goal by helping create new small and medium-sized enterprises, and strengthening existing ones, resulting in increased numbers of higher paying jobs in the region.

How are the two complementary?

Nineteen of the twenty-two U.S. counties immediately along the U.S.-Mexico border, as well as many of their neighboring counties, classify as 'economically distressed' (see Figure 1).³ Although economic indicators along the Mexico side of the border are high for Mexico, social indicators such as education and health care are very low. Both the U.S. and Mexico sides of the border lack infrastructure in areas such as water and wastewater, and there is little in the way of social or financial support for entrepreneurial development in the region.

If the BNSL is to achieve its goal, it both requires and supports the systemic approach used by the development authorities. It requires an educated and healthy workforce to work both at the lab and in the businesses it will support and spin off. At the same time, it provides opportunity for the local workforce to gain experience in and to benefit from the personnel at a world-class research facility which is working on problems appropriate to the local community. Funding from a development authority would allow the lab to pursue projects and research areas targeted to local needs. The lab thus could be much more ecumenical in the research it undertakes than would be allowed under the mission constraints of any one agency. The BNSL also requires local social capital ready and willing to engage in the entrepreneurial endeavors that are at the foundation of communities of high-growth businesses. The lab will provide the intellectual property and technical knowledge that are often (although not always) the stimuli for the formation of such entrepreneurial endeavors. Finally, there needs to be both the debt and equity capital available to finance such efforts. The presence of the lab and its potential for generating intellectual property will make the border region more attractive for risk capital.

A border regional development commission could help provide the social and physical infrastructure that would allow the BNSL to contribute some of the intellectual capital that will break the region out of its cycle of poverty.

³ From a national standpoint, if a border development authority were created to add to the efforts of the ARC, the DRA, and the Denali Commission, nearly 90% of the economically distressed counties in the nation would be supported by regionally coordinated development efforts.

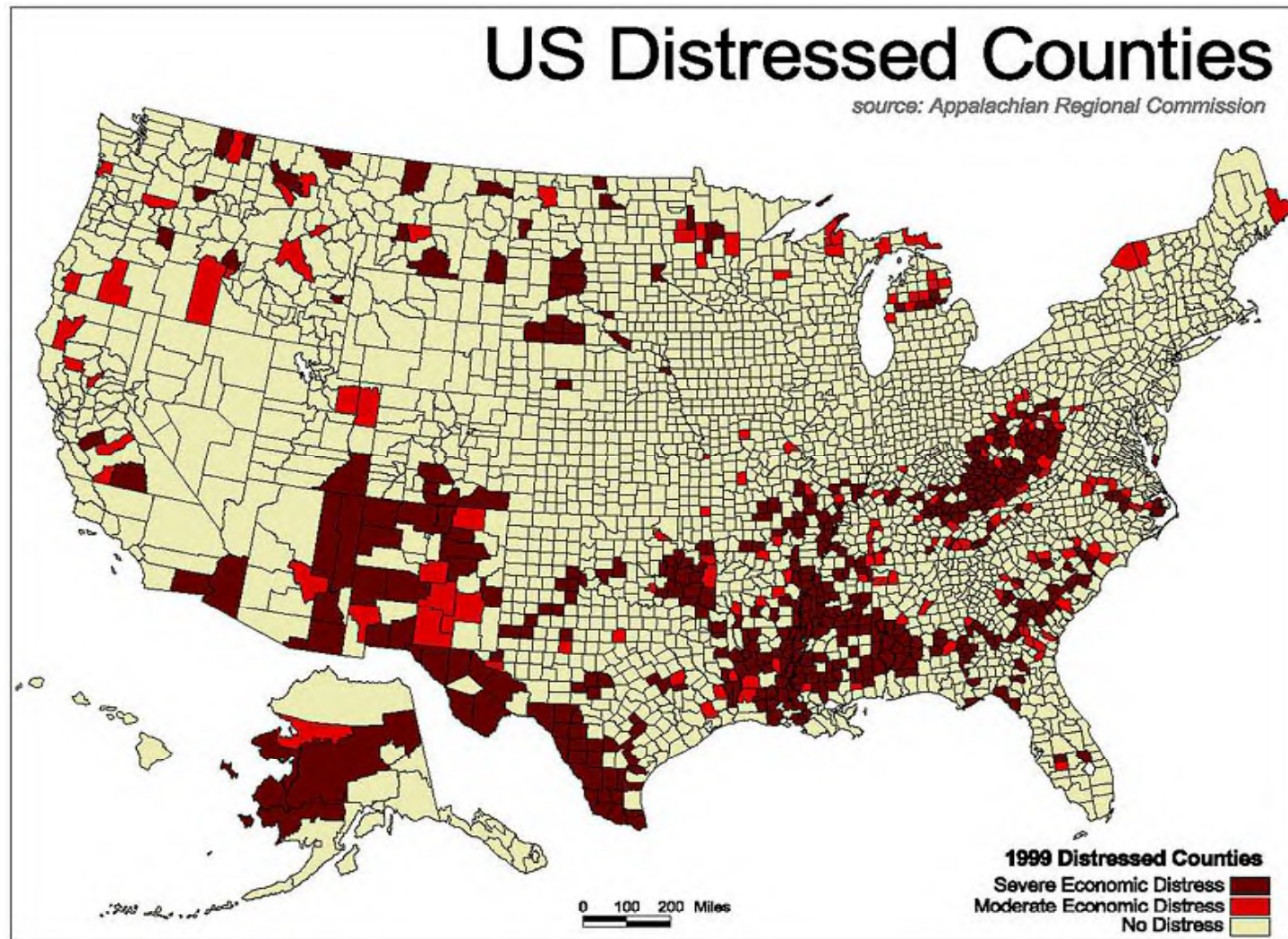


Figure 1